

CO-OPERATIVE PARTY COMMISSION ON EMPLOYMENTSUBMISSION

by

RITA RHODES and DR. ALEX WILSON

1. Introduction

We welcome the setting up of the Commission at a time when there is a growing need for politicians to address themselves to the wider issues of employment rather than to the narrower one of unemployment, and seek long-term solutions in addition to the analysis of the present situation. The British economy has entered a phase in which demographic and technological factors spell high levels of unemployment, given present patterns of work, even after changed economic policies and conditions have brought an end to the present recession. We believe that the Commission should be able to point out the potentially significant, if initially modest, contribution which an extension of Co-operative ownership, organisation and control can offer Britain's changing economy and society.

2. Restructuring British Industry

It has been cogently argued that in the new phase of British industrial development, there will be the need for more small and medium range businesses. Industrial and service Co-operatives are usually small businesses and should assist this development. It should also be noted that a number of workers' Co-operatives are receptive to the ideas of intermediate and alternative technologies which are frequently appropriate only for smaller businesses. We believe that

industrial and service Co-operatives may also help to increase the number of smaller businesses in another way. Sometimes they are the means whereby a group of ordinary workers can set up a business where individually they may have been inhibited from doing so.

3. Co-operative Merits and Limitations

While we welcome the opportunity the Commission provides in stating the positive features of Co-operation, particularly its ability to extend both industrial and social democracy, we feel that the Commission must be realistic in its claims for Co-operation in respect to job generation. Healthy Co-operative expansion tends to be a gradual evolving process, which will only be effective and long-lasting if it is within the understanding and acceptance of those involved. Co-operation should not be claimed as a quick and large-scale panacea. We believe that the job creation potential of industrial and service Co-operatives may only be marginal. Because these Co-operatives are usually small businesses, their capacity to take on new member/workers is limited, and beyond an apparently low optimum size fraught with dangers of an organisational and group dynamics nature.

Moreover, like any business, a Co-operative is influenced by the level of aggregate demand in the economy. While this remains depressed, Co-operatives, as well as other small businesses, face the problem of finding markets for their products and services. The macro-level of aggregate demand should be kept in mind quite as much as the micro-level problems facing Co-operatives to which the Commission will no doubt address itself. There appears to be some evidence pointing to a better survival rate for industrial and service Co-operatives than for other small

businesses, and the Commission might care to consider whether, even if they are limited initial job creators, they may not provide a firmer base for subsequent expansion of jobs.

4. Success of Industrial and Service Co-operatives

No doubt the Commission will note that in this country, as elsewhere in the world, industrial and service Co-operatives have been slower to develop and have been less successful than other types of Co-operative. The reasons for this should be taken into account, and in this connection we would draw the Commission's attention to the recent report of a joint ICA/ODA survey into Industrial and Producer Co-operatives, some of the conclusions of which put a new slant on earlier held views, such as the Webbs' and Vanek's. As the Commission will note, however, this survey applies to four developing countries and it may well be felt that a similar survey should be held in this country before making any conclusions applying to the U.K.

Perhaps the Commission should also look at the job retention potential of industrial and service Co-operatives. It may well be claimed that Co-operatives formed out of redundancy situations have helped to save some existing jobs, even if they have not created new ones. It is interesting to note that while there is a growing interest in Co-operatives in many parts of Europe, development in Britain has been weaker than almost anywhere else. The Commission must want to know why Co-operatives are more numerous and apparently more firmly rooted in the labour movement in both Italy and France.

Amongst the important factors for the success of industrial and service Co-operatives appear to be the availability of special banking facilities as well as government support in the form of enabling legislation, tax concessions and direct work support. In both France and Italy, for instance, Co-operatives are favoured for some government construction contracts, with large contracts open to tenders from consortia of Co-operatives. The introduction of the Government Loan Guarantee Scheme, and the establishment of the CDA and local CDAs in the U.K. may help to redress this imbalance, but as yet British industrial and service Co-operatives lack strong commercial links with public authorities, and the still large retail Co-operative sector. Nor do they appear to have received the enthusiastic or understanding support they might have expected from the trade unions. Without closer links with other Co-operatives and trade unions, many of the new registrations will tend to become indistinguishable from other forms of enterprise, and without changes in worker attitudes and union policies, worker Co-operatives in Britain are unlikely to succeed in great numbers.

5. Formula for Industrial and Service Co-operatives

Finally we should like to draw the Commission's attention to the fact that the take-off period for consumer Co-operatives was longer than is usually acknowledged, namely from around 1770 to 1865. It might have been longer had not Rochdale produced a set of practices which facilitated a higher success rate. The Commission may wish to consider whether a similar set of practices, within Co-operative Principles, is desirable at this stage for industrial and service Co-operatives and, if so, what it would comprise.

Note of the Authors

RITA RHODES was until recently Education/Liaison Officer of the Co-operative Development Agency, and is now in the service of the International Co-operative Alliance. Has been student of the Co-operative College, lecturer in Industrial Relations in further education and Education Officer of the Scottish Section of the Co-operative Union.

DR. ALEX WILSON: Deputy Director of Extra-Mural Studies at the University of Manchester; long interested in Co-operation - in pioneering courses for Co-operative management, in Co-operative research, as a main begetter of the Society and its first Chairman and currently as its Secretary.